

Mid Example

(put out by the Union
at State) is not
really accurate since
the proposed changes
(age / penalties
and change to Ki-5)
will only partially
apply in ^{near} future.

- Current 50 w/20 are
exempt all together —
- People within 3 yrs of
eligibility are exempt from
Ki-5

EFFECT OF DEVINE, STOCKMAN
PROPOSAL TO REDUCE FOREIGN SERVICE
RETIREMENT BENEFITS

Employment History for Sample Employee

- A. 20 years service
- B. Age 50
- C. Average salary 3 high year 30,000
- D. Average salary 5 high years 27,000

Computation of Current Versus Proposed Retirement

- A. Computed at 2 percent versus 1.5 percent per year proposed

<u>Current Retirement</u>	<u>Proposed Retirement</u>	<u>Reduction</u>	<u>(%)</u>
12,000	9,000	3,000	25

- B. Computed at 3 high versus 5 high average annual salary

<u>Current Retirement</u>	<u>Proposed Retirement</u>	<u>Reduction</u>	<u>(%)</u>
12,000	8,100	3,900	33

- C. Computed early retirement penalty of 20 percent

<u>Current Retirement</u>	<u>Proposed Retirement</u>	<u>Reduction</u>	<u>(%)</u>
12,000	6,480	5,520	46

- D. Computed full COLA at 6 percent versus 3 percent for early retirement penalty for ages 50 to 62

<u>Age</u>	<u>Current Retirement</u>	<u>Proposed Retirement</u>	<u>Reduction</u>	<u>(%)</u>
50	12,000	6,480	5,520	46
51	12,720	6,674	6,046	48
52	13,483	6,875	6,608	49
53	14,292	7,081	7,211	50
54	15,150	7,293	7,857	52
55	16,059	7,512	8,547	53
56	17,011	7,737	9,285	55
57	18,044	7,970	10,074	56
58	19,126	8,209	10,917	57
59	20,274	8,455	11,819	58
60	21,490	8,709	12,781	59
61	22,780	8,970	13,810	61
62	24,147	9,239	14,908	62

Summary Comments

Under the Devine, Stockman proposal you could lose up to 62 percent of your retirement. Further, you could pay 57 percent more (7 versus 11 percent) for the reduced retirement. It is suggested that you send this analysis to other foreign service employees within the federal establishment.